

1 DAVID M. PERNINI (admitted *pro hac vice*)
dpernini@wfslaw.com
2 JEFFREY N. WILLIAMS (SBN 274008)
jwilliams@wfslaw.com
3 BRANDON R. PARRISH (admitted *pro hac vice*)
bparrish@wfslaw.com
4 **WARGO, FRENCH & SINGER LLP**
5 515 S. Flower St., 18th Floor
Los Angeles, California 90071
6 Tel: (310) 853-6300
7 Fax: (310) 853-6333

8 Attorneys for Defendants and Counterclaimants Wingpow International Limited,
9 Gary Ayckbourn, and Mark Ayckbourn

10 **UNITED STATES DISTRICT COURT**
11 **CENTRAL DISTRICT OF CALIFORNIA**
WESTERN DIVISION

12 Line One Laboratories Inc. (USA), a
13 California corporation,

14 Plaintiff,

15 v.

16 Wingpow International Limited, a private
limited company organized in the United
17 Kingdom; Gary Ayckbourn, an individual;
18 Mark James Ayckbourn, an individual;
and DOES 1-10, inclusive,

19 Defendants.

26 And related counterclaims.

Case No. 2:22-cv-02401-RAO

**COUNTERCLAIMANTS' NOTICE
OF MOTION AND MOTION FOR
ORDER CHARGING
MEMBERSHIP INTERESTS OF
JUDGMENT DEBTOR IN LIMITED
LIABILITY COMPANIES
(AMERICAN LATEX, LLC & LINE
ONE LABORATORIES, LLC);
MEMORANDUM OF POINTS AND
AUTHORITIES**

[Declaration of Jeffrey N. Williams filed
concurrently herewith]

Date: June 18, 2025
Time: 10:00am
Courtroom: 590

Hon. Rozella A. Oliver

1 TO THE COURT, ALL PARTIES AND THEIR COUNSEL OF RECORD:

2 PLEASE TAKE NOTICE that on June 18, 2025, at 10:00 a.m., or as soon
3 thereafter as this matter may be heard, in Courtroom 590 before the Honorable Rozella
4 A. Oliver, located at Roybal Federal Building and United States Courthouse, 255 E.
5 Temple St., Los Angeles, California, 90012, Counterclaimants Wingpow International
6 Limited, Gary Ayckbourn, and Mark Ayckbourn (“Counterclaimants” or “Judgment
7 Creditors”) will and hereby do move this Court for an Order charging the interests of
8 Counterclaim Defendant Calvin Spencer Lee a/k/a Budiman Lee (“Lee” or “Judgment
9 Debtor”) in his limited liability companies with the unsatisfied portion of the Judgment
10 entered in this action on April 18, 2025 (as of now, all of the Judgment is unsatisfied).
11 To enforce said charging order, given Judgment Debtor’s history of malice toward
12 Counterclaimants, Counterclaimants also move for the appointment of a receiver over
13 the companies, and/or in the alternative to require Judgment Debtor to produce relevant
14 documents and devise and implement an auditing system relating to distributions from
15 the companies.

16 This Motion is made pursuant to Rule 69 of the Federal Rules of Civil Procedure,
17 California Code of Civil Procedure sections 708.310 and 708.320, and California
18 Corporations Code section 17705.03 on the following grounds:

- 19 1. On April 18, 2025, Judgment was entered by this Court against Judgment
20 Debtor and in favor of Judgment Creditors, in the principal sum of
21 \$6,900,000.00 (the “Judgment”);
- 22 2. The daily rate at 3.97% per annum per 28 U.S.C. § 1961(a) on
23 \$6,900,000.00 is \$750.49 per day;
- 24 3. Sixty-one (61) days have passed from April 18, 2025 through June 18,
25 2025;
- 26 4. Post-judgment interest as of June 18, 2025 is \$45,779.89;
- 27 5. Costs of suit, as evidenced in Judgment Creditors’ Application to the Clerk
28 to Tax Costs (to which no party has objected within the time permitted by

law), are \$42,009.43;

6. The total sum now due and owing under the Judgment, as of June 18, 2025, is calculate as \$6,987,789.32, which is inclusive of post-judgment interest and recoverable costs of suit;
7. Judgment Debtor has membership interests in American Latex, LLC f/k/a American Latex Corp. (“American Latex”) [Delaware Filing No. 3956279] and Line One Laboratories, LLC f/k/a Line One Laboratories Inc. (USA) (“Line One”) [Delaware Filing No. 3956300];
8. No effort has been made by Judgment Debtor to consensually satisfy the Judgment; and
9. The use of a charging order is the most efficient and economical means to enforce the Judgment given that Judgment Debtor has membership interests in two limited liability companies but has not paid any portion of the Judgment.

This Motion is made following the conference of counsel pursuant to L.R. 7-3 which took place on May 12, 2025. It is based on this Notice of Motion and Motion, the Memorandum of Points and Authorities in support, the accompanying Declaration of Jeffrey N. Williams and evidence attached thereto, all files and records of the Court in this matter, such matters of which this Court must or may take judicial notice, the arguments of counsel, and such other materials and arguments as the Court may otherwise properly consider in deciding this Motion.

Dated: May 21, 2025

WARGO, FRENCH & SINGER LLP

By: /s/ Jeff Williams

DAVID M. PERNINI
JEFFREY N. WILLIAMS
BRANDON R. PARRISH

Attorneys for Defendants/Counterclaimants
Wingpow International Ltd., Gary Ayckbourn, and
Mark Ayckbourn

MEMORANDUM OF POINTS AND AUTHORITIES

I. Introduction

This is a post-judgment proceeding in which Judgment Debtor has been ordered to pay Counterclaimants the sum of \$6,900,000.00, plus costs and post-judgment interest. Counterclaimants have repeatedly flagged Judgment Debtor's clear efforts to avoid the prospect of any collection on that debt, including by transferring real property out of his own name prior to trial and converting his corporations—parties to this case—to limited liability companies in other jurisdictions without any notice to the parties or the Court. The case is now firmly in collection proceedings, and Judgment Debtor elected not to file a bond to stay execution pending his post-judgment motions (and presumably an appeal). This does not indicate confidence in his legal arguments toward overturning the Judgment. Instead, it fully accords with the pattern of malicious conduct toward Counterclaimants that was demonstrated in significant detail at trial. In short, Judgment Debtor has chosen the path calculated to inflict maximum financial harm on Counterclaimants, forcing Counterclaimants to expend substantial time, effort and attorneys' fees collecting on the assets he has secreted away.

It is in this context that the current Motion arises. Because Judgment Debtor has evidenced no intent to pay his debt or post a bond pending his efforts to overturn the Judgment, his assets are subject to collection, including his membership interests in the very companies that were co-Counterclaim Defendants in this case: American Latex and Line One. A charging order is appropriate to avoid unjustly enriching Judgment Debtor and require American Latex and Line One to pay to Judgment Creditors any distributions that would otherwise be paid to Judgment Debtor. Additionally, given Judgment Debtor's history of malice toward Counterclaimants, the Court also should appoint a receiver over American Latex and Line One and/or require them to devise and implement an auditing system relating to distributions from the companies.

1 **II. Statement of Facts**

2 Counterclaimants brought and proved to a jury claims that Judgment Debtor
3 terminated the parties' partnership and sought to destroy everything Counterclaimants
4 had worked to build over the course of fifteen-plus years in business. Counterclaimants
5 presented evidence at trial—which the jury believed—that Judgment Debtor undertook
6 these efforts maliciously and with intent to harm Counterclaimants. *See, e.g.*, Dkt. 269
7 at 2-6. Counterclaimants also showed that Judgment Debtor delayed these very
8 proceedings in order to sap Counterclaimants of their will and finances, proving the
9 maxim that “justice delayed is justice denied.” *See id.*

10 The trial at which Judgment Debtor was found liable to Counterclaimants took
11 place on October 28-November 1, 2024. Dkt. 260-64. In the months leading up to
12 trial, however, Judgment Debtor engaged in a concerted effort to avoid being required
13 to satisfy any portion of an anticipated judgment that he evidently (and correctly)
14 suspected would be entered against him as a result of his malicious actions toward
15 Counterclaimants. Counterclaimants have brought these efforts to light on numerous
16 occasions and incorporate by reference their prior pleadings and argument reflecting
17 the same. Briefly, those efforts include the following:

- 18 • Converting Line One and American Latex from California corporations to
19 Delaware LLCs, with no notice to Counterclaimants or the Court, no
20 supplementation of his required production of articles of incorporation and
21 operating agreements as required under Rule 26(e), and a refusal to
22 respond to Counterclaimants' request that he substitute the converted
23 LLCs into the case prior to judgment. Dkt. 269 at 11.
- 24 • Retaining an “asset protection firm,” BarthCalderon LLP, and
25 fraudulently transferring three parcels of real property in California to
26 newly-formed LLCs and trusts. Dkt. 269 at 11-12. Then, effectively
27 admitting that he had perjured himself at trial by falsely testifying that he
28 still owned these properties. Dkt. 289 at 3-5.

- Hiring bankruptcy counsel to call Counterclaimants' counsel and assert that Counterclaimants would likely have to wait for up to *two years* to see any payment on the jury verdict if they persisted in trying to collect everything they were owed (despite his admissions that he was a wealthy man). Dkt. 269 at 12-13.
- Making false statements to the USPTO to take full "ownership" of partnership intellectual property, and later refusing to correct applications and registrations that reflected inaccurate information about his ownership and contributions to said intellectual property. Dkt. 269 at 8-9.

On April 18, 2025, this Court entered Judgment in favor of Counterclaimants and against Judgment Debtor in the principal amount of \$6,900,000.00. Williams Decl. ¶ 2, Ex. 1. The daily rate of interest on the principal amount, based on a 3.97% per annum rate per 28 U.S.C. § 1961(a), is \$750.49. *Id.* at ¶ 4. Sixty-one (61) days will have passed from April 18, 2025 through June 18, 2025. *Id.* Further, Counterclaimants' costs of suit, as evidenced in the Application to the Clerk to Tax Costs (to which no party has objected within the time permitted by law), are \$42,009.43. *Id.*; *see also* Dkt. 304. The total sum due to Counterclaimants, as of June 18, 2025, is thus calculated as \$6,987,789.32 inclusive of post-judgment interest and recoverable costs. *Id.* Judgment Debtor has paid none of this amount. *Id.* at ¶ 3. Yet he owns substantial assets, including his 100% ownership interest in both American Latex and Line One, which are Delaware LLCs. *Id.* at ¶¶ 5-9, Exs. 2-3.

In sum, it has now been over three years since Judgment Debtor destroyed Counterclaimants' business in April 2022, and he has yet to account for his actions by so much as a single penny. Rather than post a bond to secure the Judgment while he appeals it, he would rather force Counterclaimants to expend more time, effort and attorneys' fees collecting in the face of his efforts to hide assets. Among the most easily accessible assets are his membership interests in American Latex and Line One, which are available to potentially satisfy some portion of the Judgment. For these reasons,

1 and those explained below, the Court should enter a charging order and appoint a
2 receiver to protect Counterclaimants against further malfeasance.

3 **III. Argument**

4 Membership interests in a limited liability company are subject to the charging
5 order procedure. The use of a charging order is the most efficient and economical
6 manner to enforce the Judgment given that Judgment Debtor has membership interests
7 in both American Latex and Line One Laboratories. Williams Decl. at ¶¶ 5-9, Ex. 3.
8 As detailed below, a charging order should be issued.

9 **A. A Charging Order is the Appropriate Method to Reach a Judgment**
10 **Debtor's Interest in a Limited Liability Company.**

11 California state law governs the execution of a money judgment. “The procedure
12 on execution—and in proceedings supplementary to and in aid of judgment or
13 execution—must accord with the procedure of the state where the court is located, but
14 a federal statute governs to the extent it applies.” Fed. R. Civ. P. 69. Pursuant to
15 California Code of Civil Procedure sections 680.010 *et seq.*, 708.310 and 708.320, and
16 California Corporations Code section 17705.03, the Court therefore has the authority
17 to issue an order charging the Judgment Debtor's membership interests in the limited
18 liability companies for the unsatisfied portion of the Judgment.

19 Assets in a partnership or limited liability company are not automatically liable
20 upon a money judgment rendered against a partner or member personally. Cal. Civ.
21 Proc. Code § 699.720(a)(2). To reach a debtor's partnership or limited liability
22 company interest, a judgment creditor must obtain a court order charging those interests
23 with the amount of the judgment. Cal. Civ. Proc. Code § 708.310; *see also Evans v.*
24 *Galardi*, 16 Cal. 3d 300, 310 (1976) (“[C]reditor of a limited partner may satisfy his
25 claim from the debtor's partnership interest through the use of a so-called charging
26 order.”); *Crocker Nat. Bank v. Perroton*, 208 Cal. App. 3d 1, 6 (1989) (“Therefore, a
27 judgment creditor must seek a charging order to reach the debtor partner's [or
28 member's] interest in the partnership [or LLC].”).

1 Specifically, section 708.310 provides:

2 If a money judgment is rendered against a partner or member but not
3 against the partnership or limited liability company, the judgment debtor's
4 interest in the partnership or limited liability company may be applied
5 toward the satisfaction of the judgment by an order charging the judgment
6 debtor's interest pursuant to Section 15907.03, 16504, or 17705.03 of the
7 Corporations Code.

8 Cal. Code Civ. Proc. § 708.310; *see also* Cal. Code of Civ. Proc. § 708.320(a)(2) (“A
9 lien on a judgment debtor's interest in a partnership or limited liability company is
10 created by service of a notice of motion for a charging order on the judgment debtor
11 and on either of the following . . . [a]ll members or the limited liability company.”);
12 *Choice Hotels Int’l, Inc. v. Penta Denver LLC*, No. C 13–80249 WHA, 2014 WL
13 458069, at *2 (N.D. Cal. Jan. 27, 2014).

14 Courts have interpreted the plain language of section 708.310 to only require a
15 judgment creditor to show the existence of a judgment and a judgment debtor’s interest
16 in a limited liability company for the issuance of a charging order. *Fremont Bank v.*
17 *Signorelli*, Case No. 18-cv-04808-HSG (DMR), 2023 WL 2505021, at *2 (N.D. Cal.
18 Feb. 24, 2023); *see also Express Working Cap., LLC v. Starving Students, Inc.*, CV 17-
19 0097-VAP (Ex), 2017 WL 10605963, at *2 (C.D. Cal. Mar. 1, 2017) (finding elements
20 of section 708.310 satisfied where court was “presented with a certified judgment
21 against” a judgment debtor and the moving party “presented uncontroverted evidence”
22 of judgment debtor’s interest in LLC).

23 Once the court enters the charging order, the limited liability company must pay
24 the beneficiary of the order any monetary distribution that would have ordinarily gone
25 to the judgment debtor. California Corporations Code section 17705.03(a) provides:

26 On application by a judgment creditor of a member or transferee, a court
27 may enter a charging order against the transferable interest of the judgment
28 debtor for the unsatisfied amount of the judgment. A charging order
constitutes a lien on a judgment debtor's transferable interest and requires
the limited liability company to pay over to the person to which the

1 charging order was issued any distribution that would otherwise be paid
2 to the judgment debtor.

3 Cal. Corp. Code § 17705.03(a); *see also Choice Hotels*, 2014 WL 458069, at *2. The
4 court may also “appoint a receiver of the distributions subject to the charging order”
5 and issue any “other orders necessary to give effect to the charging order.” Cal. Corp.
6 Code § 17705.03(b)(1)-(2). Appointment of a receiver is appropriate where there is an
7 immediate threat that the property may be hidden, harmed, squandered or diminished
8 in value. *N.Y. Life Ins. Co. v. Watt West Inv. Corp.*, 755 F. Supp. 287, 293 (E.D. Cal.
9 1991); *see also U.S. v. Alisal Water Corp.*, 326 F. Supp. 2d 1010, 1012 (N.D. Cal. 2002)
10 (noting that appointment of a receiver is also appropriate where the court decides that
11 the operator of an organization may be unwilling or incapable of acting in good faith
12 toward compliance with a judgment).

13 As an example of “other orders necessary to give effect to the charging order,”
14 in *U.S. Fidelity & Guaranty Co. v. The Scott Cos., Inc.*, the court saw fit to order the
15 judgment debtor to produce K-1 forms for the memberships at issue and ordered the
16 parties to work out an auditing system until the judgment was satisfied. No. C-03-5376
17 SBA (EMC), 2008 WL 728874, at *2 (N.D. Cal. Mar. 17, 2008). These measures were
18 intended to give the judgment creditor a means of determining whether the judgment
19 debtor received distributions in violation of the charging order.

20 Here, Counterclaimants are required to obtain a court order charging the
21 Judgment Debtor’s interests in American Latex and Line One to satisfy the Judgment
22 entered against Judgment Debtor. Judgment Creditors are entitled to a charging order
23 as both requirements under Cal. Code of Civ. Proc. § 708.310 are satisfied. First, as
24 explained above, Counterclaimants have a valid, enforceable Judgment against
25 Judgment Debtor, as evidenced by the Judgment entered by this Court on April 18,
26 2025. Secondly, Judgment Debtor’s own testimony establishes that he has interests in
27 both American Latex and Line One. In fact, Judgment Debtor testified at trial to being
28

1 the 100% owner of both companies, thereby unequivocally establishing his interest in
2 American Latex and Line One.

3 Counterclaimants also are entitled to appointment of a receiver to ensure
4 compliance with the Court's charging order. Based on the substantial evidence of
5 Judgment Debtor's malice toward Counterclaimants and his efforts to hide assets from
6 collection, it appears likely that absent a receiver, Judgment Debtor will secret
7 distributions from American Latex and Line One and/or will be unwilling to satisfy
8 Counterclaimants' Judgment. The Judgment Debtor is the 100% owner of both
9 American Latex and Line One and has made no attempt to satisfy the Judgment.
10 American Latex and Line One therefore have an interest in minimizing, if not wholly
11 eliminating, any distributions to Judgment Debtor, as the distributions would be paid
12 to Counterclaimants. Furthermore, there are no other individuals in control or
13 management of American Latex or Line One other than Judgment Debtor himself, so
14 there is no reason to expect that the LLCs will do anything other than what is in
15 Judgment Debtor's direct personal and financial interests. Accordingly, the
16 appointment of a receiver in this matter is vital to give effect to the charging order and
17 prevent unauthorized diversions of LLC assets.

18 In addition or in the alternative to the appointment of a receiver,
19 Counterclaimants request that the Court order Judgment Debtor to produce all K-1
20 forms for his membership interests in American Latex and Line One along with all
21 records of Judgment Debtor showing distributions received from American Latex and
22 Line One, and require Judgment Debtor and Counterclaimants to devise and implement
23 an auditing system until the Judgment has been completely satisfied.

24 **IV. CONCLUSION**

25 For all the foregoing reasons, Counterclaimants respectfully request that this
26 Court enter an Order charging the interests of Judgment Debtor in American Latex and
27 Line One with the unsatisfied portion of the Judgment entered in this action, which as
28 of June 18, 2025 is approximately \$6,987,789.32. Counterclaimants also respectfully

1 request that the Court appoint a receiver over American Latex and Line One to give
2 effect to the charging order, or in the alternative, to require Judgment Debtor to produce
3 all K-1 forms, records of distributions, and devise and implement an auditing system to
4 ensure compliance with the Court's charging order.

5
6 Dated: May 21, 2025

WARGO, FRENCH & SINGER LLP

7
8 By: /s/ Jeff Williams

9 DAVID M. PERNINI

JEFFREY N. WILLIAMS

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